

Teacher's Pensions Cookie Preferences

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We're experiencing high levels of contact, we appreciate your patience at this time.

Methodology



As the benefit structure differs for the Final Salary and Career Average arrangements we use different methodologies to calculate the estimates.

Final Salary arrangement

The pension you receive is based upon your Final Average Salary, the number of years of reckonable service and the accrual rate. There is a different accrual rate for the different sections of the Final Salary arrangement. For reckonable Service with a Normal Pension Age (NPA) of 60 the accrual rate is 1/80th, whereas for reckonable service with a NPA of 65 the accrual rate is 1/60th.

The formulas to use are therefore:

NPA60: final average salary/80 multiplied by reckonable service (divide any part year by 365 - for example 25 years and 247 days will be 25.67671233).

Example: a member with a final average salary of £30,000 and reckonable service of 25 years and 247 days will have an annual pension of $30,000/80 \times 25.67671233 = £9,628.77$ upon reaching their NPA of 60, plus an automatic lump sum of £28,886.30.

NPA65: final average salary/60 multiplied by reckonable service.

Example: a member with a final average salary of £30,000 and reckonable service of 25 years and 247 days will have an annual pension of $30,000/60 \times 25.67671233 = £12,838.36$ upon reaching their NPA of 65.

You will find the latest estimate of your final average salary on your Benefits Statement on [My Pension Online \(MPO\)](#). If you've not registered for a MPO account yet why not [register](#) now?

NB - if you have any deductions to your pension, as a result of Scheme Pays elections, a Pension Share on

Divorce, or Lifetime Allowance charges, these will be deducted after calculating your pension.

Early Retirement:

If you retire earlier than your NPA you will be receiving the pension for a longer period of time than the benefits have been costed for. Consequently the annual pension must be adjusted to reflect this point, which we do by applying a factor to the calculation. For example, retiring at age 55 in the NPA60 section of the Final Salary arrangement will require a factor of 0.811 to be applied to the pension, i.e. multiply the calculated amount by 0.811 to derive the final annual pension.

➤ [More information on factors and guidance](#)

Example: a member with a final average salary of £30,000 and 25 years and 247 days reckonable service will have an annual pension of $30,000/80 \times 25.67671233 = £9,628.77$ upon reaching their NPA of 60, plus an automatic lump sum of £28,886.30. If the same person retired early, at age 55, their annual pension will be $£9,628.77 \times 0.811 = £7,664.50$, plus an automatic lump sum of £22,993.50.

Late Retirement:

If you retire after your NPA in the NPA65 section of the Final Salary arrangement and have remained in pensionable service beyond your 65th birthday, the pension benefit based on the service prior to your NPA will be subject to a late retirement enhancement. The factors and guidance to calculate the late retirement enhancement are available [here](#).

Career Average arrangement:

In the Career Average arrangement you build up a pension ‘pot’ each year in the Scheme, based on your pensionable earnings in the year divided by the accrual rate. The normal accrual rate is 1/57th of your pensionable earnings, but you can choose to pay additional contributions for a faster accrual rate of 1/55th, 1/50th or 1/45th of your pensionable earnings.

For example, a member earning £30,000 per year will add one of the following amounts to their ‘pension pot’, depending on the rate of accrual:

Standard rate of 1/57th = $£30,000/57 = £526.32$

Faster accrual rate of 1/55th = $£30,000/55 = £545.45$

Faster accrual rate of 1/50th = $£30,000/50 = £600.00$

Faster accrual rate of 1/45th = $£30,000/45 = £666.67$

At the end of each year we add the pension you’ve accrued in the year to your ‘pension pot’, and at the beginning of the next Scheme year we’ll revalue the pot to keep it in line with price increases. If you’re an active member of the Scheme we’ll add on an extra 1.6% to the revaluation.

But if you leave the Scheme you become a deferred member and the revaluation of Career Average benefits from that point is based on the [Pensions Increase \(This link opens in a new window\)](#), without the extra 1.6%. However, should you return to pensionable service after a break of not more than 5 years we will treat the period of the break as having been in active service and amend the revaluation of your ‘pension pot’ in the period to include the additional 1.6% at the start of each year.

If you return after a single break of more than 5 years the deferred benefits will continue to be revalued in line with the Pensions Increase and only new pension accrual will be revalued as active.

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